

Hearing Date: September 7, 2023 at 10:00 a.m. (Eastern Time)

Objection Deadline: August 29, 2023 at 4:00 p.m. (Eastern Time)

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**UNITED STATES BANKRUPTCY COURT
 FOR THE SOUTHERN DISTRICT OF NEW
 YORK**

	x	
In re	:	Chapter 11
	:	
CELSIUS NETWORK LLC, et al.,¹	:	Case No. 22-10964 (MG)
	:	
Debtors.	:	(Jointly Administered)

x

**SECOND INTERIM APPLICATION OF DELAWAREADR, LLC AND SONTCHI, LLC
 AS COURT-APPOINTED INDEPENDENT FEE EXAMINER, FOR ALLOWANCE OF
 COMPENSATION FOR SERVICES AND REIMBURSEMENT OF EXPENSES FOR
THE PERIOD FROM MARCH 1, 2023 THROUGH JUNE 30, 2023**

Name of Applicant: DelawareADR, LLC, by Sontchi, LLC² and
 Christopher S. Sontchi, Court-Appointed
 Independent Fee Examiner (“the **Applicant**”)

Authorized to Provide Services to: N/A

Date of Appointment: October 20, 2022

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Celsius Network LLC (2148); Celsius KeyFi LLC (4414); Celsius Lending LLC (8417); Celsius Mining LLC (1387); Celsius Network Inc. (1219); Celsius Network Limited (8554); Celsius Networks Lending LLC (3390); and Celsius US Holding LLC (7956); GK8 Ltd. (1209); GK8 UK Limited (0893); and GK8 USA LLC (9450). The location of Debtor Celsius Network LLC’s principal place of business and the Debtors’ service address in these chapter 11 cases is 50 Harrison Street, Suite 209F, Hoboken, New Jersey 07030

² The Fee Examiner’s affiliation with DelawareADR, LLC concluded on May 31, 2023. Since June 1, 2023, the Fee Examiner has conducted his alternative dispute resolution practice solely through Sontchi, LLC. *See Supplemental Declaration of Christopher S. Sontchi in Conjunction with His Appointment as Fee Examiner* [Dkt. No. 2962].

Period for which compensation and reimbursement is sought:

March 1, 2023 – June 30, 2023 (the “**Compensation Period**”)

Amount of Compensation sought as actual, reasonable and necessary in this application:

Subtotal DelawareADR, LLC \$45,000.00

Subtotal Sontchi, LLC \$12,150.00

TOTAL REQUESTED IN THIS APPLICATION: \$57,150.00

Amount of Expense Reimbursement sought as actual, reasonable and necessary:

\$0

This is an: X interim ____ final application.

The total time expended for fee application preparation is 0 hours and the compensation requested is \$0.

PRIOR INTERIM FEE APPLICATIONS:³

FEES APPROVED

EXPENSES APPROVED

Corrected First Interim Application of DelawareADR, LLC, as Court-Appointed Independent Fee Examiner, for Allowance of Compensation for Services and Reimbursement of Expenses for the Period from October 13, 2022 [Dkt. No. 2949]

\$59,100.00

\$2,046.28

Order entered June 30, 2023 [Dkt. No. 2952]

PENDING INTERIM FEE APPLICATION:

FEES PENDING

EXPENSES PENDING

Second Interim Application of DelawareADR, LLC and Sontchi, LLC, as Court-Appointed Independent Fee Examiner, for Allowance of Compensation for Services Rendered and Reimbursement of Expenses for the Period from March 1, 2023-June 30, 2022 [this application]

\$57,150.00

\$0

MONTHLY FEE APPLICATIONS:

DELAWAREADR, LLC

FEES

EXPENSES

HOLDBACK

- *Sixth Monthly Fee Statement of DelawareADR, LLC for Compensation for Services and Reimbursement of Expenses as Court-Appointed Independent Fee Examiner, for the*

\$11,400.00

\$0

\$2,280.00

³ Monthly Fee Statements already incorporated into an interim fee application and paid in full pursuant to Court order are not included here.

*Period from March 1, 2023 Through
March 31, 2023 [Dkt. No. 2508]*

- *Seventh Monthly Fee Statement of
DelawareADR, LLC for Compensation
for Services and Reimbursement of
Expenses as Court-Appointed
Independent Fee Examiner, for the
Period from April 1, 2023 Through
April 30, 2023 [Dkt. No. 2696]* \$24,450.00 \$0 \$4,890.00

- *Eighth Monthly Fee Statement of
DelawareADR, LLC for Compensation
for Services and Reimbursement of
Expenses as Court-Appointed
Independent Fee Examiner, for the
Period from May 1, 2023 Through May
31, 2023 [Dkt. No. 2820]* \$9,150.00 \$0 \$1,830.00

DelawareADR, LLC Subtotal \$45,000.00 \$0 \$9,000.00

SONTCHI, LLC

- *Ninth Monthly Fee Statement of
Sontchi, LLC for Compensation for
Services and Reimbursement of
Expenses as Court-Appointed
Independent Fee Examiner, for the
Period from June 1, 2023 Through June
30, 2023 [Dkt. No. 3075]* **FEES** **EXPENSES** **HOLDBACK**
\$12,150.00 \$0 \$2,430.00

Sontchi, LLC Subtotal \$12,150.00 \$0 \$2,430.00

ATTACHMENTS TO FEE APPLICATION

EXHIBIT A: FEE AND EXPENSE SUMMARY

Attached to this Application as **Exhibit A**, in compliance with Local Rule 2016-2(c)(ii) is a summary of the fees and expenses for which the Applicant requests reimbursement.

EXHIBIT B: PROPOSED ORDER

The Proposed Order Allowing Second Interim Application of DelawareADR, LLC and Sontchi, LLC as Court-Appointed Independent Fee Examiner is attached to this Application as **Exhibit B**.

FEE APPLICATION

DelawareADR, LLC, Sontchi, LLC, and Christopher S. Sontchi, appointed as Independent Fee Examiner in these cases (the “**Applicant**”) submits this *Second Interim Application of DelawareADR, LLC as Court-Appointed Independent Fee Examiner, for Allowance of Compensation for Services and Reimbursement of Expenses for the Period From March 1, 2023 Through June 30, 2023* (the “**Fee Application**”) under 11 U.S.C. §§ 330 and 331, Fed. R. Bankr. P. 2016, and Local Rule 2016-2 and the *Amended Order Appointing Independent Fee Examiner and Establishing Related Procedures for the Review of Fee Applications of Retained Professionals* [Dkt. No. 1746] (the “**Fee Examiner Order**”) requesting interim allowance of compensation for professional services and reimbursement of actual and necessary expenses from March 1, 2023 through June 30, 2023 (the “**Compensation Period**”). The Applicant requests Court approval of \$57,150.00 in fees.

BACKGROUND

1. The Court entered the *Order Appointing Independent Fee Examiner and Establishing Related Procedures for the Review of Fee Applications of Retained Professionals* [Dkt. No. 1151] (the “**Fee Examiner Order**”) on October 20, 2022, appointing Christopher S. Sontchi, through Sontchi, LLC and DelawareADR, LLC, to execute the duties set forth in the Fee Examiner Order, including, among other things, monitoring the fees and expenses incurred by professionals in these chapter 11 cases.

2. On December 19, 2022, the Court entered the *First Amended Order (I) Establishing Procedures for Interim Compensation and Reimbursement of Expenses for Retained Professionals and (II) Granting Related Relief* [Dkt. No. 1745] (the “**Amended Interim Compensation Order**”) and the *Amended Order Appointing Independent Fee Examiner and*

Establishing Related Procedures for the Review of Fee Applications of Retained Professionals
[Dkt. No. 1746] (the “**Amended Fee Examiner Order**”).

THE APPLICANT

3. The Applicant’s professional background and qualifications were set forth in detail in the *Corrected First Interim Application of DelawareADR, LLC as Court-Appointed Independent Fee Examiner, for Allowance of Compensation for Services Rendered and Reimbursement of Expenses for the Period from October 13, 2022 – February 28, 2023* [Dkt. No. 2949] and are incorporated herein by reference.

DESCRIPTION OF SERVICES PROVIDED

4. During the Compensation Period, the Fee Examiner, with the assistance of counsel, completed the review and reporting process for the **First Interim Fee Period** (July 13, 2022 through October 31, 2022) and made substantial progress on reporting for the **Second Interim Fee Period** (November 1, 2022 through February 28, 2023).

REQUEST FOR APPROVAL OF COMPENSATION

5. Interim compensation to professionals is governed by 11 U.S.C. §§ 330 and 331. The Court is authorized to grant “reasonable compensation for actual, necessary services rendered by the [professional person] and reimbursement for actual, necessary expenses.”

6. The Applicant requests that the Court approve this Fee Application, incorporating services provided during the Compensation Period, because he has completed his assignment in a timely, efficient and effective manner.

A. The services of the Applicant have provided direct benefit to the estates, both tangible and intangible, by saving amounts for professional services inadvertently, improvidently, or inappropriately billed to the estates.

B. The services of the Applicant have assisted the Fee Committee, the Court and the U.S. Trustee in fulfilling their own responsibilities, and those same services have helped encourage the Retained Professionals to submit applications for compensation and reimbursement that meet the requirements of the Bankruptcy Code, the U.S. Trustee Guidelines and the local rules of the United States Bankruptcy Court for the Southern District of New York.

7. Other than as disclosed herein, there is no agreement or understanding between the Applicant and any other entity for the sharing of compensation to be received.

8. The Applicant respectfully maintains that the services provided were actual and necessary to the administration of the fee examination process in these cases. The fee review process is a statutory mandate in all chapter 11 cases. Given the size and complexity of these cases, however, the parties agreed to the appointment of a Fee Examiner to aid both the U.S. Trustee and the Court.

9. In reviewing whether a compensation request should be granted, the Court should be guided by the following factors:

[T]he nature, the extent, and the value of such services, taking into account all relevant factors, including—

- (A) The time spent on such services;
- (B) The rates charged for such services;
- (C) Whether the services were necessary to the administration of or beneficial at the time at which the service was rendered toward the completion of, a case under this title;
- (D) Whether the services were performed within a reasonable amount of time commensurate with the complexity, importance, and nature of the problem, issue or task addressed;
- (E) With respect to a professional person, whether the person is board certified or otherwise has demonstrated skill and experience in the bankruptcy field; and

(F) Whether the compensation is reasonable, based on the customary compensation charged by comparably skilled practitioners in cases other than these under this title;

11 U.S.C. § 330.

10. The requested compensation meets the statutory requirements for allowance. The Applicant has completed his work in a timely and efficient manner commensurate with the complexity, importance and nature of the issues involved. The Applicant has demonstrated skill in bankruptcy, generally, and in the bankruptcy fee review context, specifically.

11. Moreover, the requested compensation is reasonable because it is consistent with the customary compensation charged by comparably skilled professionals in other bankruptcy contexts, such as a Chapter 11 Examiner.

12. Accordingly, approval of the requested compensation is warranted.

NOTICE

13. Notice of this Fee Application has been provided to the parties in interest in accordance with the Amended Interim Compensation Order. The Applicant submits that such notice is sufficient, and that no other or further notice need be provided.

14. No previous request for the relief sought has been made by the Applicant to this or any other Court for these matters.

CONCLUSION

The Applicant respectfully requests that the Court enter an order authorizing interim allowance of compensation for professional services rendered during the Compensation Period in the amount of \$57,150.00.

Dated: August 8, 2023

WE HEREBY CERTIFY that on this date, we electronically filed the foregoing motion with the Clerk of the Court using the CM/ECF system that will send notification of such filing to all attorneys of record registered in the use of the CM/ECF system.

GODFREY & KAHN, S.C.
Counsel for Fee Examiner

By /s/ Katherine Stadler
Katherine Stadler (NYSB #4938064)
One East Main Street, Suite 500
Madison, WI 53703
Telephone: (608) 297-3911
E-mail: kstadler@gklaw.com

CERTIFICATION

The Applicant has reviewed the requirements of Local Rule 2016-1 and certifies as follows:

- (1) Applicant has read the Application.
- (2) To the best of the Applicant's knowledge, information and belief formed after reasonable inquiry, the fees and disbursements sought fall within the S.D.N.Y. Guidelines, except as specifically noted or described in the Application.
- (3) Except to the extent that fees or disbursements are prohibited by the S.D.N.Y. Guidelines, the fees and disbursements sought are billed at rates and in accordance with practices customarily employed by the Applicant and generally accepted by the Applicant's clients.
- (4) In providing a reimbursable service, the Applicant does not make a profit on the service, whether the service is performed by the applicant in-house or through a third party.
- (5) The U.S. Trustee and counsel to the Debtors and the Official Committee of Unsecured Creditors will be provided with a copy of this Application at least 14 days before the above-stated hearing date.

The Applicant further answers the following questions in compliance with the U.S. Trustee Guidelines:

Question: Did Applicant agree to any variations from, or alternatives to, its standard or customary billing rates, fees or terms for services pertaining to this engagement that were provided during the application period?

Answer: No.

Question: Do the fees sought in this Application exceed the fees budgeted for the time period covered by this fee application by 10% or more?

Answer: No.

Question: Have any of the professionals included in this fee application varied their hourly rate based on the geographic location of the bankruptcy case?

Answer: No.

Question: Does the fee application include time or fees related to reviewing or revising time records or preparing, reviewing, or revising invoices?

Answer: No.

Question: Does this Application include time or fees for reviewing time records to redact any privileged or other confidential information?

Answer: No.

Question: Does the Application include any rate increases since retention?

Answer: No.

Question: Did Applicant's client agree when retaining the Applicant to accept all future rate increases?

Answer: N/A

Dated: August 8, 2023.

Sontchi, LLC
by Christopher S. Sontchi

/s/ Christopher S. Sontchi

29717508.4

EXHIBIT A

Delaware ADR and Sontchi, LLC Fees and Expenses
March 2023 - June 2023

Invoice Number	Invoice Period	Total Fees	Fee Holdback (20%)	Expenses	Expense Adjustments	Net Expenses
193	March 2023	\$11,400.00	\$2,280.00	\$0.00	n/a	\$0.00
201	April 2023	\$24,450.00	\$4,890.00	\$0.00	n/a	\$0.00
208	May 2023	\$9,150.00	\$1,830.00	\$0.00	n/a	\$0.00
10	June 2023	\$12,150.00	\$2,430.00	\$0.00	n/a	\$0.00
		\$57,150.00	\$11,430.00	\$0.00		\$0.00

The March, April, and May invoices were billed by Delaware ADR. The June invocie was billed by Sontchi, LLC.

EXHIBIT B

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re	X	Chapter 11
	:	
	:	
CELSIUS NETWORK, LLC, <i>et al.</i> , ¹	:	Case No. 22-10964 (MG)
	:	
Debtors.	:	(Jointly Administered)
	:	
	X	

ORDER GRANTING SECOND INTERIM APPLICATION OF DELAWAREADR, LLC AND
SONTCHI, LLC AS COURT-APPOINTED INDEPENDENT FEE EXAMINER FOR
ALLOWANCE OF COMPENSATION FOR PROFESSIONAL SERVICES RENDERED AND
REIMBURSEMENT OF EXPENSES FOR THE PERIOD
FROM MARCH 1, 2023 THROUGH JUNE 30, 2023

Upon consideration of the *Second Interim Application of DelawareADR, LLC*
[“**Applicant**”] and *Sontchi, LLC for Compensation for Services and Reimbursement of Expenses*
as Court-Appointed Independent Fee Examiner for the Period from March 1, 2023 Through June
30, 2023 [Dkt. No. ____] (the “**Application**”) for allowance of interim compensation and
reimbursement of expenses incurred during the period from March 1, 2023 through June 30,
2023 (the “**Second Interim Compensation Period**”), filed pursuant to the *First Amended Order*
(I) Establishing Procedures for Interim Compensation and Reimbursement of Expenses for
Retained Professionals and (II) Granting Related Relief [Dkt. No. 1745] (the “**Interim**
Compensation Order”); the *Amended Order Appointing Independent Fee Examiner and*
Establishing Related Procedures for the Review of Fee Applications of Retained Professional

¹The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Celsius Network LLC (2148); Celsius KeyFi LLC (4414); Celsius Lending LLC (8417); Celsius Mining LLC (1387); Celsius Network Inc. (1219); Celsius Network Limited (8554); Celsius Networks Lending LLC (3390); and Celsius US Holding LLC (7956); GK8 Ltd. (1209); GK8 UK Limited (0893); and GK8 USA LLC (9450). The location of Debtor Celsius Network LLC’s principal place of business and the Debtors’ service address in these chapter 11 cases is 50 Harrison Street, Suite 209F, Hoboken, New Jersey 07030.

[Dkt. No. 1746] (the “**Fee Examiner Order**”); and the *Second Amended Final Order (I) Establishing Certain Notice, Case Management, and Administrative Procedures and (II) Granting Related Relief* [Dkt. No. 2560] (the “**Case Management Order**”); and pursuant to 11 U.S.C. §§ 330 and 331, Rule 2016 of the Federal Rules of Bankruptcy Procedure, and Rule 2016-1 of the Local Bankruptcy Rules for the Southern District of New York; and notice having been given pursuant to Federal Rules of Bankruptcy Procedure 2002(a)(6) and (c)(2); and the Court finding that: (a) the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§157 and 1334; (b) notice of the Application was adequate under the circumstances; and (c) all parties with notice of the Application have been afforded the opportunity to be heard on the Application, and upon the full record of all proceedings in this case; and sufficient cause having been shown therefor, it is hereby;

ORDERED THAT:

1. The Application is granted on an interim basis, to the extent set forth on the attached **Exhibit A**.
2. The Applicant is allowed (a) interim compensation for services rendered during the Compensation Period and (b) interim reimbursement for actual and necessary expenses incurred during the Compensation Period, in the amounts set forth on the attached **Exhibit A**, including, except as otherwise indicated, any and all holdbacks.
3. To the extent not already paid pursuant to the Interim Compensation Order, the Debtors are hereby authorized and directed to pay, except as otherwise indicated on **Exhibit A**, the Applicant 100 percent of the fees and 100 percent of the expenses listed on **Exhibit A** for services rendered and expenses incurred during the Compensation Period.

4. All fees and expenses allowed herein shall be subject to final allowance by the Court without regard to whether such amounts have been paid to the Applicants.

5. This Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, and/or enforcement of this order.

IT IS SO ORDERED.

Dated: August __, 2023.
New York, New York

Martin Glenn
Chief United States Bankruptcy Judge

EXHIBIT A

Case No.: 22-10964

SECOND INTERIM FEE PERIOD**Exhibit A**

Case Name: Celsius Network, LLC, et al.

March 1, 2023 – June 30, 2023

Applicant	Date/Document Number of Application	Interim Fees Requested on Application	Fees Allowed	Fees to be Paid for Current Fee Period	Fees to be Paid for Prior Fee Period(s) (if any)(i.e., Holdback Release)	Total Fees to be Paid	Interim Expenses Requested	Expenses Approved for Current Fee Period
Sontchi, LLC by Christopher Sontchi <i>Fee Examiner</i>	August 8, 2023 Dkt. No. _____	\$12,150.00	\$12,150.00	\$2,430.00	\$0.0	\$2,430.00	\$0.0	\$0.0
DelawareADR, LLC by Christopher Sontchi <i>Fee Examiner</i>		\$45,000.00	\$45,000.00,	\$9,000.00	\$0.0	\$9,000.00	\$0.0	\$0.0
Total:		\$57,150.00	\$57,150.00	\$11,430.00	\$0.00	\$11,430.00	\$0.00	\$0.00